Société de développement industriel du Québec

Annual Report 1983-1984

Québec

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Mr. Richard Guay
President of the Assemblée nationale
Québec

Mr. President:

I have the honour to submit to you the Annual Report of the Société de développement industriel du Québec for the fiscal year ended 31 March 1984.

Respectfully submitted,

Rodrigue Biron,

Minister of l'Industrie, du Commerce
et du Tourisme

Québec, 29 June 1984

Mr. Rodrigue Biron
Minister of l'Industrie, du Commerce
et du Tourisme

Mr. Minister:

In accordance with the provisions of the Industrial Development Assistance Act, I have the honour to submit to you the Annual Report of the Société de développement industriel du Québec for the fiscal year ended 31 March 1984.

Respectfully submitted,

François Lebrun,

President and Director General

Québec, 29 June 1984

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The Société

The Société de développement industriel du Québec is a government agency established in 1971 by the Industrial Development Assistance Act for the purpose of promoting the economic development of the Province of Québec by granting financial incentives.

Under the extended mandate granted to the Société in June 1982, the S.D.I. administers the following programs which are grouped into five (5) sectors of concentration:

- Financing Assistance Programs
  - Financing Program for Manufacturing Companies
  - Small Business Emergency Assistance Program*
  - Public Stock Issue
  - Business Financing Program
- Investment Assistance Programs
  - Amalgamation*
  - Modern Technology
  - Dynamic Enterprises
- Assistance Programs for Research
  - Research Laboratories
  - Research and Development
- Assistance Programs for Exports
  - Consortiums
  - Financing of Exports
  - Development of Exports
  - Identification and Establishment in New Markets
- Sectorial Programs
  - Development of Tourism
  - Innovation — Furniture
  - Innovation — Small Business*
  - Innovation — Footwear*
  - Textile, Hosiery and Apparel Industries*
  - Electronics Industry

* The active phase of these programs has been terminated.

Board of directors*

François Lebrun
President and Director General
Société de développement industriel
du Québec

Michel Archambault
Deputy Minister for Tourism
Ministère de l'Industrie, du Commerce
et du Tourisme
Montréal

Yvon Dolbec
President
Dolbec Y Logistique Internationale Inc.
Québec

Paul-Henri Fillion
President and Director General
Hoplab Inc.
Québec

Michel Gaucher
President
Sofati Ltée
Montréal

Jean-Paul Hétu
President
Centrale des Syndicats Démocratiques
Montréal

Louis-Marie André Jalabert
President and Director General
Services Financiers Canada-International (S.F.C.I.)
Montréal

Dina M. Lavoie
Associate Professor
École des Hautes Études Commerciales
Montréal

Jean-Guy Parent
Mayor
Ville de Boucherville

Roger Pruneau
Deputy Minister
Ministère du Commerce extérieur
Québec

Claude Rivard
Consultant
Bergeron, Rivard & Associés Inc.
Drummondville

Serge Saucier**
President and Chief Executive
Officer
Raymond, Chabot, Martin, Paré & Cie.
Montréal

Ghislain Théberge
Assistant Deputy Minister
Ministère de l'Industrie, du Commerce
et du Tourisme
Québec

Committees of the Board of Directors

Executive Committee

François Lebrun, President
Michel Archambault
Yvon Dolbec
Dina M. Lavoie
Jean-Guy Parent
Claude Rivard
Ghislain Théberge

Audit Committee

Serge Saucier, President
Michel Archambault
Dina M. Lavoie
François Lebrun
Yvon Marcil

Marketing Committee

Jean-Guy Parent, President
Yvon Dolbec
James Donovan
Michel Gaucher
Ghislain Théberge

* as of June 15, 1984

** Vice-President of the Board of Directors

Management

François Lebrun
President and
Director General

Yvon Marcil
Vice-President,
Operations and
Assistant Director
General

Jacques Daignault
Vice-President,
Exports

Viateur Laplante
Director,
Internal Audit

Robert Primeau
Director,
Systems Department

Pierre Courtemanche
Director,
Montréal-Nord

Pierre Darche
Director,
Montréal-Centre

Robert Garneau
Assistant Director,
Montréal-Centre

Paul-Yvon Gagnon
Director,
Montréal-Sud

Jean-Claude Lafleur
Director,
Québec-Sud

Bernard Roberge
Director,
Québec-Nord

Charles-H. Bussières
Administrator of
Sectorial Programs

Michel Chaput
Director,
Assistance to the Formation
of Consortiums

Oleg Revenko
Director,
Assistance to Companies

James Donovan
Vice-President,
Professional and
Administrative
Services

Ghislain Blondin
Director,
Technical Service

Jean Boivin
Director,
Personnel and Internal
Management

Gaston Carrière
Director,
Finance

Jean Meguerditchian
Director,
Economic Affairs

Claude Meunier
Director,
Communications

Jean-Claude Tremblay
Director,
Legal Services

Renée Méthot
Secretary

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* as of June 15, 1984

Report of management

1983-1984: The Economic Recovery

A high level of activity, major changes in assistance programs combined with significant shifts in clientele, measures taken to improve the capital structure of companies and management priorities emphasizing customer service and productivity were the highlights of last year's developments.

Summary of Activities

Results of Operations

During 1983-1984, the S.D.I.'s level of activity comprised 806 applications for assistance totalling 185 millions $. This performance can be favourably compared to that of the preceding year, after adjusting for the transfer of four sectorial assistance programs to the S.D.I. from the Ministère de l'Industrie, du Commerce et du Tourisme. The active phase of these programs had been terminated.

The clientele for assistance programs differred greatly from that of the preceding year. The Small Business Emergency Assistance Program, which accounted for 59 % of the S.D.I.'s activities in 1982-1983, was reduced to 32 % in 1983-1984, due to the emergence of the economic recovery and the new priorities of companies for expansion.

The Investment Assistance Program for Manufacturing Companies marked a significant increase both in terms of projects (+24 %) and in scope (+52 %). This same trend was also reflected in the Assistance Program for Development of Tourism.

The Assistance Program for Research and Development was a real success. At the end of its first year of operations, 46 companies benefited from this program which is more than double the number forecasted. Approval of grants amounted to 14 700 000 $ as compared to a forecast of 5 000 000 $. The electronics sector accounted for two-thirds of the activity under this program, including software manufacturers which were awarded 4 000 000 $ for 14 projects.

With regard to exports, nine consortiums, grouping more than 60 firms, were created with the assistance of the S.D.I., while 42 other companies benefited from various other programs. This performance represents a marked increase in activity as compared to the previous year, although in some cases, it did not meet this year's expectations.

The great popularity of the APEX Program, which is administered by the Ministère du Commerce extérieur, accounted, to a large extent, for the delay in the implementation of the Assistance Program for Identification and Establishment in New Markets as the APEX Program preceeds the program of the S.D.I. in a company's export development cycle. However, due to a significant number of companies involved in the first phase of foreign market penetration, it is expected that the demand for this program will be increased in 1984-1985.

The statistics of the S.D.I.'s latest program, the Financing Program for Manufacturing Companies, are recorded for the first time in the financial statements. As at 31 March, 1984, the program was only commencing, and the approval of a first group of 5 applications for assistance totalled 1 200 000 $. The latest upward trend in interest rates together with the favourable response from financial institutions to this program confirms the importance of this program and a strong demand is anticipated for 1984-1985.

An analysis of S.D.I.'s involvement by industry sector indicates the predominance of manufacturers of electric products and machinery, paper and its related activities, and wood products for the current year.

On a regional basis, Greater Montreal, with its large industrial concentration, continues to maintain its dominance in the receipt of grants and financing obtained from S.D.I., with 59.2 % of all assistance.

Investment projects which were approved under the S.D.I.'s assistance programs amounted to 366 000 000 $ for the year, while approximately 12 000 direct and indirect jobs were created. These jobs were in addition to the 38 000 jobs protected under the S.D.I.'s Small Business Emergency Assistance Program.

Major Program Developments

The Small Business Emergency Assistance Program was terminated at the end of the fiscal year. The results of this program are quite convincing. In its 24 month duration, the S.D.I. was able to inject 197 000 000 $ of new funds into 730 Quebec manufacturing enterprises affected by the most severe recession in 50 years at a cost substantially lower than originally forecast, thus permitting 38 000 jobs in the manufacturing sector to be saved.

The Small Business Emergency Assistance Program, while breaking with traditional subsidies by calling chiefly upon the large network of financial institutions in Quebec and limiting itself to primary objectives, was also innovative as to the formula used for the program, resulting in considerable acceleration in the implementation of the program. These same features, which were unanimously praised by the business community, were maintained in the program entitled "Business Financing Program", the most important new program of the year.

The new program maintains the formula of sharing the risk with financial institutions by guaranteeing two-thirds of the loan and by offering protection against an increase in interest rates upon the payment of a single premium of 1 % of the loan.

This guarantee is a measure to halt what is considered to be one of the major restraints on the recovery of investments, i.e. management's exposure to new increases in interest rates. The latest change in the economy confirms the relevance of this program, and based upon the initial results, it is expected that the number of applicants will increase substantially during the forthcoming year.

The improvement of a company's capital structure, due to an increase in its equity base, is an ideal measure to reduce the vulnerability of Quebec companies whose rate of indebtedness far exceeds the averages for Canadian and U.S. firms. The first step taken to encourage this policy was the implementation of the Program for Financial Assistance to Corporations for a Public Stock Issue in September, 1983. Under this program, which is administered by the S.D.I., the Government will assume part of the costs related to the first public stock issue of a company.

Another important step in this regard, the Quebec Commission for the Capitalization of Corporations to which S.D.I. is affiliated through its President, may also result in a reallocation of resources to support this new priority. Other major changes were also implemented in S.D.I.'s other programs during the year.

The regulations governing the Assistance Program for Research and Development were amended on 22 February, 1984 in order to increase the limit of financial assistance to more than 1 000 000 $ for projects related to telecommunications, office automation, micro-electronics and software. In addition, the amount of financial assistance available to a new enterprise was raised for projects which will entail significant economic benefits for Québec. These measures indicate once again the determination of the S.D.I. to give priority to high technology projects and by acknowledging their contribution to the age of technology.

The regulations governing the Investment Assistance Program, the Financing Program for Manufacturing Companies and the Assistance Program for Research and Development were also amended on 13 December, 1983 to allow access to these programs by reprocessings industries, in order to satisfy the strong growth of this industrial sector.

The S.D.I. also took an active part in the updating of the Act concerning the Development of Tourism and has contributed, at various levels, to the implementation of programs such as the Program for Development of Exports, Acceleration of Investments and the Business Bursary Programs.

A study of the impact of the economic benefits of the "Modern Technology" section of the Investment Assistance Program for Manufacturing Companies was filed in October, 1983. This study, conducted jointly by the Economic Department of the S.D.I. and an outside firm, revealed interesting conclusions on the superior growth of applicant companies and the economic repercussions which had resulted from the implementation of these projects.

A similar study is also being made of the "Dynamic Enterprises" section of the program.

Other Major Issues

Customers' Service

It is the desire of the S.D.I. to meet the needs of its increasing clientele under its mandate as "a strategic vehicle for the gouvernement du Québec to provide financial assistance to business enterprises". Accordingly, it has called upon the concerted efforts of both its staff and Board of Directors to promote a quality of interaction to enable to S.D.I. to become even more important in this respect. This approach was conclusively approved by the Secrétariat aux Relations avec les citoyens when the Société's plan of action was tabled in September, 1983.

The Marketing Committee, which includes representation of Board of Directors and Management, was implemented by the S.D.I. in order to emphasize the quality and quantity of its relations with its clients, intermediaries and economic partners, both private and government, with whom it shares the administration of programs, for time to time, and the business community in general.

In the Summer of 1983, this Committee sponsored a study on the perception and expectations of

the clientele of the S.D.I. The results indicated a generally favourable perception of the S.D.I. and highlighted the professionalism of its analysts. The report also indicated some concern for the availability of the S.D.I.'s programs to new clients and the processing time for applications. As the Société was already aware of these concerns and steps had already been taken to improve, this study has permitted the S.D.I. to increase its efforts in these areas.

The S.D.I. Information Program reached a new high in 1983-1984. During this period, approximately one hundred information meetings were held in all regions of the Province. This regional tour was supported by important participation in various industrial sectors through business conventions, industrial and trade shows, with particular emphasis on the leaders of large business and the multiplier effect at the client's level.

The Board of Directors assisted in the efforts of the S.D.I. to establish closer, relations with its clientele by convening two of its monthly meetings in localities such as Trois-Rivières and Drummondville and, on four other occasions, by meeting with business community organizations such as the Quebec Chamber of Commerce, the Montreal Chamber of Commerce, the Montreal Board of Trade and the Chamber of Commerce of the Province of Quebec.

With regard to the processing time for applications, the simplification of programs will undoubtedly be a measure which has and will continue to have a most significant impact. A common feature of S.D.I.'s most recent programs is the systematic involvement of the important network of Québec's financial institutions and greater accessibility to clients. The eligibility requirements are based on the potential of the enterprise rather than on its industry sector. Half of S.D.I.'s financial assistance programs should benefit from this simplified formula next year, due mainly to the anticipated number of applicants for the Business Financing Program.

In other instances, complexity is inherent in the nature of the assistance programs. For example, the Research and Development Program requires an evaluation of technology in addition to the economic and financial aspects of the project. However, the complexities of this program, even in its first year, have been minimized due to the concerted efforts of representatives of the S.D.I., MICT and CRIQ resulting in a significant standardization of the time required for analysis.

Measures have been taken with departments and organizations involved in the evaluation of sectorial financial assistance so that the same priorities for processing time will exist. Draft agreements or agreements have been negotiated in that respect.

One last important measure taken to provide improved customer service was the hiring of 30 additional staff members. This was achieved during the summer with a view to both improving the analysis capacity due to demand while meeting the objective of increased productivity. An independent study recognized the high productivity of the S.D.I., but highlighted the necessity for a proper balance of staff to meet the needs of customer service.

Productivity

At S.D.I., productivity and customer service are complementary. For example, the question of delays reflects on both productivity and customer service, and the contemplated improvements should reach both objectives.

The implementation of a new computer system will result in an increase of productivity and time saving in the processing of applications. The first phase of the new computer system relating to the processing of applications under review has been completed.

The responsibility given to personnel at the intermediate level as a result of the decentralization of the decision-making process in another very important step initiated during the year to improve productivity and reduce the time spent for analysis.

As soon as the necessary revisions will be made to the Act incorporating the S.D.I., most of the proposals concerning grants and financing approvals will be greatly expedited for the benefit of all.

With the appointment of an interal auditor during the year, the S.D.I.'s administrative structure was completed. This measure was also prompted by the determination of Management to improve the internal efficiency and productivity by obtaining better historical information on its activities.

In the pursuit of the objective of improved productivity, certain facts must be taken into account. The conclusions of a study commissioned by the S.D.I. in this regard earned it the congratulations from the Treasury Board and the Society was invited to participate in a pilot project for entering into a productivity agreement.

These results are encouraging and one can be optimistic on the realization of future plans.

Financial Results

The S.D.I.'s financial results for 1983-1984 indicate a net income of 1 060 481 $, as a result of the recovery of the economic situation.

In addition, the loan portfolio granted under the program Innovation — Small Business was added to the S.D.I.'s portfolio for the year and amounted to 41 332 649 $ as at 31 March, 1984 (Special Investment Assistance Programs).

The S.D.I. repaid 10 000 000 $ to its bond creditors during the fiscal year, thereby reducing its long-term debt to 56 600 000 $ as at 31 March, 1984.

The S.D.I.'s financial operations generated an increase in cash of 9 562 678 $ during the fiscal year.

Finally, the provision for losses as at 31 March, 1984 increased slightly compared to the previous year.

Internal Structure of the Société

Board of Directors

Three (3) changes took place on the Board of Directors during the year. Mr. Jean Vézina resigned as a member of the Board of Directors to become President of the Régie de l'Assurance-automobile du Québec. He was replaced by Mr. Roger Pruneau, deputy-minister of the Ministère du Commerce extérieur. The term of two (2) other Board members, Messrs. Jacques Baril and Jacques Beaulieu, expired during the year and they were replaced by Messrs. Paul-H. Fillion and Louis-Marie André Jalabert on the Board of Directors. S.D.I. wishes to convey its most sincere thanks to the departing Board members and is pleased to welcome the new ones.

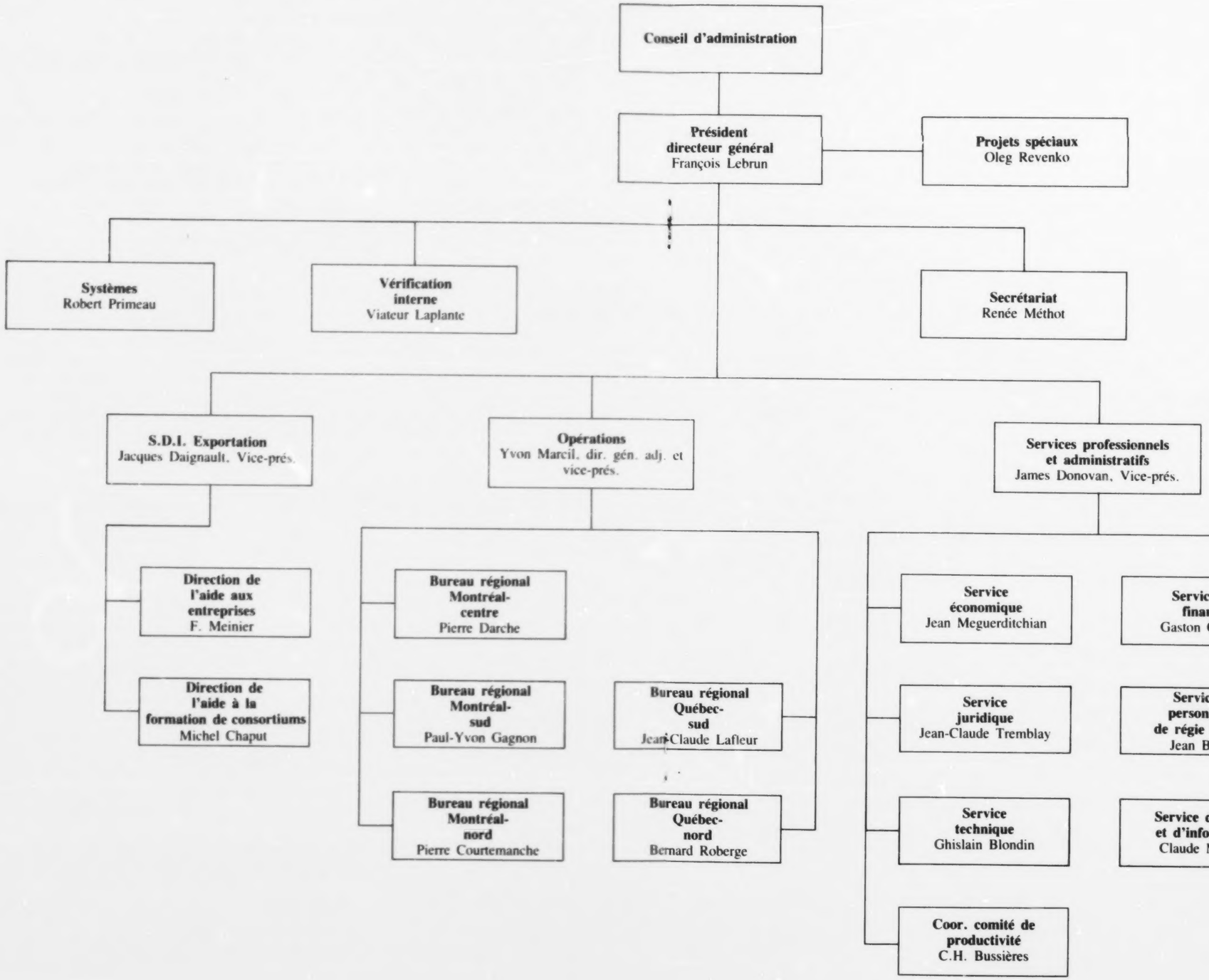
The Société would also like to highlight the outstanding contribution of the members of the Board to the operations of the Société by their expertise and continuous participation in the various committees, incuding the weekly meetings of the Executive Committee.

Personnel

Internally, the most prominent changes were the appointment of an internal auditor and the hiring of 30 additional professional and part-time support staff which were allocated to the various departments.

Despite the usual staff turnovers, there has been an increase in recruiting from within the ranks of the S.D.I. for key personnel and professional staff due to improved staff mobility.

Management is pleased to welcome the new personnel and would like to express its appreciation to all employees for their contribution to the success of 1983-1984.


Conseil d'administration
Président directeur général
François Lebrun
Projets spéciaux
Oleg Revenko
Systèmes
Robert Primeau
Vérification interne
Viateur Laplante
Secrétariat
Renée Méthot
S.D.I. Exportation
Jacques Daignault, Vice-prés.
Opérations
Yvon Marcil, dir. gén. adj. et vice-prés.
Services professionnels et administratifs
James Donovan, Vice-prés.
Direction de l'aide aux entreprises
F. Meinier
Direction de l'aide à la formation de consortiums
Michel Chaput
Bureau régional Montréal-centre
Pierre Darche
Bureau régional Montréal-sud
Paul-Yvon Gagnon
Bureau régional Québec-sud
Jean-Claude Lafleur
Bureau régional Montréal-nord
Pierre Courtemanche
Bureau régional Québec-nord
Bernard Roberge
Service économique
Jean Meguerditchian
Service des finances
Gaston Carrière
Service juridique
Jean-Claude Tremblay
Service du personnel et de régie interne
Jean Boivin
Service technique
Ghislain Blondin
Service d'accueil et d'information
Claude Meunier
Coor. comité de productivité
C.H. Bussières

Statistics

Due to the increased number of assistance programs resulting from the S.D.I.'s extended mandate, the format of several tables of statistics has been revised to ensure better understanding by the reader. The revised format reflects a regrouping by sector.

The statistical treatment of assistance granted under the Small Business Emergency Assistance Program was also revised as compared with last year. This assistance is now included in Loan Guarantees under Financing Assistance Programs, which better reflects the main characteristics of this program. The second part of this program, which is the grant related to the rebate of interest in excess of 10 %, is reflected in the column under Grants.

Summary table for authorized assistance and disbursements

	Authorized assistance				Disbursements[1]	
	1983-1984		1982-1983		1983-1984	1982-1983
	Number	Amount	Number	Amount	Amount	Amount
Loans	107	28 398 169 $	52	19 604 500 $	6 925 219 $	10 617 548 $
Grants	390	76 334 636	270	59 446 420	57 341 386[2]	48 430 336[2]
Equity investments	6	744 333	6	3 279 250	2 456 906	329 992
Loan guarantees and others	303	79 833 331	454	98 635 429	8 235 513	2 204 438
Total assistance	**806**	**185 310 469 $**	**782**	**180 965 599 $**	**74 959 024 $**	**61 582 314 $**
Companies assisted	**741**	**185 310 469 $**	**775**	**180 965 599 $**		

1. Most of these disbursements were authorized during preceding years.

2. Grants authorized for a fiscal year are disbursed over a maximum 5 year period.

Société de développement industriel du Québec

Assistance approved under various programs

From 1 April, 1983 to 31 March, 1984

	Grants		Financing								Total Assistance Authorized	
			Loans		Loan Guarantees		Equity Investments		Financing Sub-Total			
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
		$		$		$		$		$		$
Financing Assistance Programs												
— Financing Program for Manufacturing Companies			16	4 030 000	3	4 100 000			19	8 130 000	19	8 130 000
— Small Business Emergency Assistance Program		12 137 731			280	46 714 331			280	46 714 331	280	58 852 062
— Public Stock Issue	8	1 824 000									8	1 824 000
— Business Financing Program					5	1 242 000			5	1 242 000	5	1 242 000
Sub-Total	**8**	**13 961 731**	**16**	**4 030 000**	**288**	**52 056 331**			**304**	**56 086 331**	**312**	**70 048 062**
Investment Assistance Programs												
— Amalgamation	1	438 600									1	438 600
— Modern Technology	124	34 023 790									124	34 023 790
— Dynamic Enterprises	137	13 516 460									137	13 516 460
Sub-Total	**262**	**47 978 850**									**262**	**47 978 850**
Assistance Programs for Research												
— Research Laboratories	3	473 400									3	473 400
— Research and Development			46	14 756 169					46	14 756 169	46	14 756 169
Sub-Total	**3**	**473 400**	**46**	**14 756 169**					**46**	**14 756 169**	**49**	**15 229 569**
Assistance Programs for Exports												
— Consortiums			3	125 000			6	744 333	9	869 333	9	869 333
— Financing of Exports					3	2 280 000			3	2 280 000	3	2 280 000
— Development of Exports			1	250 000	5	13 953 000			6	14 203 000	6	14 203 000
— Identification and Establishment in New Markets		4 121 350	33	8 077 000					33	8 077 000	33	12 198 350
Sub-Total		**4 121 350**	**37**	**8 452 000**	**8**	**16 233 000**	**6**	**744 333**	**51**	**25 429 333**	**51**	**29 550 683**
Sectorial Programs												
— Development of Tourism	73	6 601 030	8	1 160 000	7	11 544 000			15	12 704 000	88	19 305 030
— Innovation — Furniture	28	1 515 140									28	1 515 140
— Textile, Hosiery and Apparel Industries	3	163 470									3	163 470
— Electronics Industry	13	1 519 665									13	1 519 665
Sub-Total	**117**	**9 799 305**	**8**	**1 160 000**	**7**	**11 544 000**			**15**	**12 704 000**	**132**	**22 503 305**
Grand Total	**390**	**76 334 636**	**107**	**28 398 169**	**303**	**79 833 331**	**6**	**744 333**	**416**	**108 975 833**	**806**	**185 310 469**

Assistance and amounts approved by division and sector
From 1 April, 1983 to 31 March, 1984

	Financing		Grants		Total	
	Number	Amount	Number	Amount	Number	Amount
Food and beverages	26	5 091 593 $	33	5 006 749 $	59	10 098 342 $
Tobacco						
Rubber	10	1 766 999	19	4 409 315	29	6 176 314
Leather	12	2 742 330	1	771 525	13	3 513 855
Textiles	13	5 148 332	12	2 563 384	25	7 711 716
Knitted goods	1	52 000	2	1 022 500	3	1 074 500
Clothing	29	5 475 993	16	2 409 001	45	7 884 994
Wood products	39	6 801 330	33	5 751 359	72	12 552 689
Furniture and furnishings	31	4 714 033	42	3 957 214	73	8 671 247
Paper and related products	2	150 800	20	6 658 950	22	6 809 750
Printing	15	1 635 998	9	2 024 625	24	3 660 623
Metals	6	1 624 999	5	2 150 475	11	3 775 474
Metal products	52	7 503 230	29	6 425 625	81	13 928 855
Machinery	48	15 657 770	15	3 864 650	63	19 522 420
Transport equipment	19	7 107 330	7	1 671 000	26	8 778 330
Electric appliances and equipment	25	14 402 915	30	7 016 702	55	21 419 617
Non-metallic mineral products	11	1 513 133	9	1 643 275	20	3 156 408
Oil and coal products	1	400 000		231 000	1	631 000
Chemical products	11	2 080 597	18	7 465 695	29	9 546 292
Miscellaneous manufacturing industries	26	5 504 005	10	2 686 487	36	8 190 492
Mines, quarries and oil wells	2	1 278 000		20 250	2	1 298 250
Commerce	5	813 000	2	678 625	7	1 491 625
Building and public works	4	2 653 333			4	2 653 333
Entertainment and recreation	1	300 000	13	1 994 500	14	2 294 500
Hotel and restaurants	14	12 587 333	55	4 914 530	69	17 501 863
Various other services	13	1 970 780	10	997 200	23	2 967 980
	416	**108 975 833 $**	**390**	**76 334 636 $**	**806**	**185 310 469 $**

Authorized assistance and amounts by region and sub-region
From 1 April, 1983 to 31 March, 1984

		Financing		Grants		Total	
		Number	Amount	Number	Amount	Number	Amount
Nouveau-Québec	: Nouveau-Québec			1	14 400 $	1	14 400 $
	Sub-Total			**1**	**14 400 $**	**1**	**14 400 $**
Bas St-Laurent	: Bas St-Laurent	10	1 507 858 $	5	582 924 $	15	2 090 782 $
	: Gaspé						
	: Bonaventure	1	78 000		20 250	1	98 250
	: Ste-Anne des Monts			1	48 000	1	48 000
	Sub-Total	**11**	**1 585 858 $**	**6**	**651 174 $**	**17**	**2 237 032 $**
Saguenay	: Chicoutimi	7	809 199 $	4	211 875 $	11	1 021 074 $
	: Roberval	7	1 206 333	4	263 825	11	1 470 158
	Sub-Total	**14**	**2 015 532 $**	**8**	**475 700 $**	**22**	**2 491 232 $**
Québec	: Rivière-du-Loup	6	680 600 $	4	494 100 $	10	1 174 700 $
	: Québec	60	10 580 673	64	7 549 032	124	18 129 705
	: La Chaudière	10	3 938 666	13	1 689 150	23	5 627 816
	Sub-Total	**76**	**15 199 939 $**	**81**	**9 732 282 $**	**157**	**24 932 221 $**
Trois-Rivières	: Bois-Franc	17	2 876 999 $	37	4 542 372 $	54	7 419 371 $
	: Mauricie	11	2 067 465	11	1 166 950	22	3 234 415
	Sub-Total	**28**	**4 944 464 $**	**48**	**5 709 322 $**	**76**	**10 653 786 $**
Estrie	: Estrie	10	2 116 000 $	12	2 263 737 $	22	4 379 737 $
	Sub-Total	**10**	**2 116 000 $**	**12**	**2 263 737 $**	**22**	**4 379 737 $**
Montréal	: St-Hyacinthe	9	7 383 666 $	6	5 641 084 $	15	13 024 750 $
	: Montréal-Métro	179	53 578 273	154	37 967 312	333	91 545 585
	: Terrebonne	16	3 989 263	19	2 525 612	35	6 514 875
	: Joliette	13	1 380 897	11	2 620 548	24	4 001 445
	: Granby	20	3 923 665	10	2 557 930	30	6 481 595
	: Beauharnois	5	771 333	9	1 612 750	14	2 384 083
	: Richelieu	4	325 334	3	669 000	7	994 334
	: St-Jean	12	2 560 996	6	1 248 725	18	3 809 721
	Sub-Total	**258**	**73 913 427 $**	**218**	**54 842 961 $**	**476**	**128 756 388 $**
Outaouais	: Hull	6	7 157 283 $	7	1 782 850 $	13	8 940 133 $
	: Labelle	2	348 333	2	158 210	4	506 543
	Sub-Total	**8**	**7 505 616 $**	**9**	**1 941 060 $**	**17**	**9 446 676 $**
Abitibi —	: Rouyn-Noranda	2	215 666 $	3	484 400 $	5	700 066 $
Témiscamingue	: Abitibi	4	345 999	1	84 750	5	430 749
	Sub-Total	**6**	**561 665 $**	**4**	**569 150 $**	**10**	**1 130 815 $**
Côte-Nord	: Mingan	4	1 011 999 $	1	75 450 $	5	1 087 449 $
	: Saguenay	1	121 333	2	59 400	3	180 733
	Sub-Total	**5**	**1 133 332 $**	**3**	**134 850 $**	**8**	**1 268 182 $**
	Total	**416**	**108 975 833 $**	**390**	**76 334 636 $**	**806**	**185 310 469 $**

Comparative table of authorized assistance by forms of assistance
From April 1, 1983 to March 31, 1984

	1983-1984		1982-1983		1981-1982		1980-1981		1979-1980	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Financing	416	108 975 833 $	62	36 398 750 $	79	22 179 600 $	121	52 178 200 $	208	46 675 850 $
Grants	390	76 334 636	719	144 441 849	654	108 381 850	565	116 624 566	446	96 466 570
Total Assistance	**806**	**185 310 469**	**782**	**180 965 599**	**733**	**130 561 450**	**686**	**168 802 766**	**654**	**143 142 420**
Companies Assisted	**741**	**185 310 469 $**	**775**	**180 965 599 $**	**688**	**130 561 450 $**	**607**	**168 802 766 $**	**583**	**143 142 420 $**

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Société de développement industriel du Québec

Financial statements for the year ended 31 March, 1984

Auditor's report

I have examined the balance sheet of Société de développement industriel du Québec as at 31 March, 1984, and the statements of revenue and expenses, reserve fund, source and use of cash and provision for losses on loans and equity investments for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Société as at 31 March, 1984 and the results of its operations and the source and use of its cash for the year then ended, in accordance with the accounting principles as described in Note 2, applied on a basis consistent with that of the preceding year.

Auditor General of Quebec
Rhéal Chatelain, F.C.A.

Québec, 29 May, 1984

Société de développement industriel du Québec
(R.S.Q., c. S-11.01)

Balance sheet as at 31 March, 1984

	1984	1983
		(Note 12)
	$	$
Assets		
Loans	90 867 171	102 641 374
Investments — Special Investment Assistance Programs (Note 3)	41 428 149	—
Equity investments	12 248 194	11 062 374
Guaranteed account receivable (Note 4)	10 650 000	10 650 000
Interest due and accrued	2 720 756	3 904 969
	157 914 270	128 258 717
Provision for losses on loans and equity investments	27 107 000	26 619 550
	130 807 270	101 639 167
Cash and short-term deposits	21 864 470	12 301 792
Contribution receivable from the gouvernement du Québec	—	2 497 596
Cost of bond issue — unamortized cost	76 679	109 307
	152 748 419	**116 547 862**
Liabilities		
Long-term debt (Note 5)	56 600 000	56 600 000
Amounts due for various forms of financial assistance	7 594 930	4 594 892
Advances from the gouvernement du Québec (Note 6)	42 368 143	—
Interest due and accrued on long-term debt	864 303	957 768
Accounts payable and accrued expenses	117 697	252 337
	107 545 073	72 404 997
Equity		
Endowment from the gouvernement du Québec (Note 7)	32 944 115	32 944 115
Gift from the gouvernement du Québec of an equity investment in the Société	445 000	445 000
Reserve fund	11 814 231	10 753 750
	45 203 346	44 142 865
	152 748 419	**116 547 862**

Commitments and contingencies (Note 11)

On behalf of the Board of Directors

François Lebrun

Serge Saucier

Société de développement industriel du Québec

Reserve fund
For the year ended 31 March, 1984

	1984	1983
		(Note 12)
	$	$
Balance — beginning of year	10 753 750	14 021 664
Excess of revenue over expenses	1 060 481	(3 267 914)
Balance — end of year	**11 814 231**	**10 753 750**

Société de développement industriel du Québec

Statement of revenue and Expenses
For the year ended 31 March, 1984

	1984	1983
		(Note 12)
	$	$
Income		
Interest from borrowers	11 520 574	11 532 151
Interest on bank deposits	2 220 919	1 891 289
Guarantee fees	147 386	212 124
Profit from disposal of equity investments	466 198	355 533
Other revenue	—	4 306
	14 355 077	13 995 403
Contributions by the gouvernement du Québec (Note 9)	73 525 480	58 799 487
	87 880 557	72 794 890
Expenses		
Assumption of part of the cost of loans contracted by enterprises	51 964 763	48 430 336
Payments on loan repayment guarantees under the Small Business Emergency Assistance Program	8 235 513	1 884 438
Grants:		
Modernization Program for Textile, Hosiery and Apparel Industries	3 533 885	—
Innovation Program for Furniture and Footwear Industries	1 842 738	—
Loss — application of the law concerning Assistance for the Development of Tourism	349 512	53 347
Provision for losses on loans and equity investments	4 719 148	9 757 315
Salaries and other remuneration	5 780 175	4 919 528
Computer services	293 250	32 675
Other administrative expenses	849 135	610 223
Interest on long-term debt (Note 8)	6 897 280	10 374 942
Interest on advances from the gouvernement du Québec	2 354 677	—
	86 820 076	76 062 804
Excess of revenue over expenses	**1 060 481**	**(3 267 914)**

Société de développement industriel du Québec

Statement of source and use of cash for the year ended 31 March, 1984

	1984	1983
		(Note 12)
	$	$
Source of cash		
Advances from the gouvernement du Québec	44 865 739	900 466
Repayment of loans	18 323 009	15 502 103
Disposal of equity investments	697 500	1
Increase in claims payable under various forms of financial assistance	3 000 038	2 818 995
Loans converted into equity investments	30 656	6 485
	66 916 942	19 228 050
Excess of revenue over expenses	1 060 481	(3 267 914)
Items not affecting cash:		
Provision for losses on loans and equity investments	4 719 148	9 757 315
Interest due and accrued, net change	1 090 748	(2 419 222)
Amortization of cost of bond issue	32 628	38 932
Funds from operations	6 903 005	4 109 211
	73 819 947	23 337 261
Application of cash		
Special Investment Assistance Programs	41 428 149	—
Disbursements on loans granted	6 925 219	10 617 548
Equity investments	2 456 906	329 992
Long-term debt repayment	10 000 000	7 400 000
Interest charged to loans in default and expenses incurred in protecting guarantees thereon	2 976 151	2 287 330
Equity investments acquired by conversion of loans and interest	336 204	6 485
Increase (decrease) in accounts payable and accrued liabilities	134 640	(15 518)
	64 257 269	20 625 837
Net increase in cash	9 562 678	2 711 424
Cash Beginning of year	12 301 792	9 590 368
Cash — End of year	**21 864 470**	**12 301 792**

Société de développement industriel du Québec

Provision for losses on loans and equity investments for the year ended 31 March, 1984

	1984	1983
		(Note 12)
	$	$
Balance — beginning of year	26 619 550	25 290 475
Less:		
Write-offs during the year		
Loans	3 322 909	1 330 470
Equity investments	909 789	7 105 325
	4 232 698	8 435 795
	22 386 852	16 854 680
Add: Recovery of loans previously written-off	1 000	7 555
Balance before provision for the year	22 387 852	16 862 235
Add: Provision for the year		
Loans	4 344 148	7 721 090
Equity investments	375 000	2 036 225
	4 719 148	9 757 315
Balance — End of year	**27 107 000**	**26 619 550**
The provision for losses comprises the following:		
Loans	25 135 928	24 113 688
Equity investments	1 971 072	2 505 862
	27 107 000	**26 619 550**

Loans and equity investments approved by the Société and guaranteed by the gouvernement du Québec as at 31 March, 1984 amount to 6 217 682 $ and 2 075 000 $ respectively. (4 544 879 $ on loans as at 31 March, 1983).

Société de développement industriel du Québec
Notes to financial statements as at 31 March, 1984

1. Constitution and Objective

The Société de développement industriel du Québec, a corporation within the meaning of the Civil Code, was created by a special Act for the purpose of administering financial assistance programs to accelerate the economic development in Québec, particularly by promoting the development of dynamic enterprises using advanced technology, the growth of exports, and research and development activities as well as the development of tourism. The Société must ensure that the assistance granted will have a significant economic impact in Québec, especially in the area of job creation.

The Société is a non-profit organization with a mandate to administer the Government's financial assistance programs in order to stimulate the economic and industrial development of Québec.

2. Accounting Policies

The Société's financial statements are prepared on the accrual basis of accounting, taking into account the following accounting policies:

Equity Investments

The financial assistance granted by the Société through the acquisition of shares is accounted for in the balance sheet under "Equity Investments ». To the extent that the Société estimates that the assistance granted to an enterprise in this manner cannot be recovered, the anticipated loss is, as in the case of aid given in the form of loans, recorded in the Provision for Losses on Loans and Equity Investments and charged to expenses.

Provision For Losses On Loans And Equity Investments

The provision for losses on loans is determined by assessing the anticipated loss on each account that presents major collection problems for recovery and by applying an estimated percentage to cover any potential losses for others. The provision for losses on equity investments is determined by evaluating each account separately.

No provision has been made for losses resulting from financial assistance programs entrusted to the Société under other legislation if the loss would be assumed by the gouvernement du Québec.

Assumption Of Part Of The Cost Of Loans Contracted by Enterprises

Expenses related to the assumption of part of the cost of loans contracted by enterprises and grants are charged to current operations if the enterprises have filed their claims and satisfied the Société's stipulated requirements. The relevant contribution from the gouvernement du Québec is then considered to be receivable by the Société.

Bond Issue Expenses

Bond issue expenses are amortized on the straight-line method over the term of de debt.

Administrative Costs Assumed by the gouvernement du Québec

The administrative costs incurred by the Société and assumed by the gouvernement du Québec are paid out of appropriations voted for that purpose by the Parliament.

The costs related to the fringe benefits for the Société's employees and the cost of support services, such as telephone, allocation of space, etc., which are paid out of appropriations voted for the various departments concerned, are not accounted for in the Statement of Revenue and Expenses.

3. Special investment assistance programs

These investments comprise non-guaranteed loans, non-interest bearing loans repayable within 15 years and equity investments through the acquisition of non-participating and non-voting shares. All required funds for these investments are paid out of amounts voted annually by Parliament. Any revenues resulting from these investments shall be remitted to the gouvernement du Québec and any losses shall be assumed by it.

	Loans — Innovation Small Businesses $	Non-Interest Bearing Loans Repayable Within 15 Years $	Non-Participating and Non-Voting Shares $	Total $
Amount transferred from the gouvernement du Québec as at 1 April, 1983	44 139 001	—	—	44 139 001
Disbursements for the year	2 024 700	35 500	60 000	2 120 200
	46 163 701	35 500	60 000	46 259 201
Repayments or repayment exemptions	5 591 047	—	—	5 591 047
	40 572 654	35 500	60 000	40 668 154
Interest due and accrued	759 995	—	—	759 995
Balance as at 31 March, 1984	**41 332 649**	**35 500**	**60 000**	**41 428 149**

4. Guaranteed account receivable

This guaranteed account receivable results from sale and payment agreements, dated 21 July, 1981, with the majority shareholder of an industrial company in which the Société held a 40 % interest in its capital stock.

Notwithstanding the provisions of the agreements whereby the disposal of the interest in the company's capital stock was made for a consideration of 3 600 000 $, which amount, together with interest compounded annually at the daily prevailing bank prime rate beginning 30 July, 1981 will total 10 650 000 $ at maturity date, the Société considers that the substance of the agreement enables it to collect over the long-term, but without any profit, the assistance previously granted to this company. Consequently, no profit or loss will be realized as a result of this recovery.

The account receivable of 10 650 000 $, which has been recorded at its aggregate recovery value and is guaranteed by a Canadian chartered bank, will be collectable between 1987 and 1989, depending upon the rate at which the interest will accumulate.

The present value of this account receivable, as at 31 March, 1984, is 5 189 383 $, comprising 3 600 000 $ for the sale price and 1 589 383 $ for interest accrued to date.

5. Long-term debt

The payment of principal and interest on long-term debt is guaranteed by the gouvernement du Québec.

	1984 $	1983 $
Series "A" variable rate bonds, maturing on 24 March, 1991 and bearing interest at an annual rate equal to the average prime rate of three chartered banks less ⅜ of 1 %, payable semi-annually on 24 March and 24 September of each year (a)	35 000 000	45 000 000
Series "B" variable rate bonds, maturing on 1 December, 1986 and bearing interest at an annual rate equal to the average prime rate of three chartered banks less ¼ of 1 %, payable semi-annually on 1 June and 1 December of each year (b)	21 600 000	21 600 000
	56 600 000	**66 600 000**

(a) The Société may, at its option, redeem the bonds at face value on any interest payment date, for an overall face value of 5 000 000 $ or any multiple thereof.

(b) The Société may, at its option, redeem the bonds at face value on any interest payment date, for an overall face value of 2 400 000 $ or any multiple thereof.

6. Advances from the gouvernement du Québec

These advances will be applied to finance the following programs and accounts receivable:

	$
Special Investment Assistance Programs:	
Loans for Innovation — Small Business	40 572 654
Non-interest bearing loans and non-participating and non-voting shares	95 500
Interest due and accrued	759 995
	41 428 149
Other	939 994
	42 368 143

Receipts of principal and interest shall be remitted to the gouvernement du Québec as they are reimbursed by companies to the Société.

7. Endowment from the gouvernement du Québec

The gouvernement du Québec is authorized to pay the Société an amount of 100 000 000 $ from its consolidated revenue fund to establish an Endowment. As at 31 March, 1983 and 1984, the amount paid for this purpose is 32 944 115 $.

8. Interest on long-term debt

	1984 $	1983 $
Bond interest	6 861 652	10 336 010
Amortization of cost of bond issue	32 628	38 932
Other financial expenses	3 000	—
	6 897 280	**10 374 942**

9. Contribution by the gouvernement du Québec

These contributions will be used to reimburse the following expenses:

	1984 $	1983 $
Financial assistance to enterprises		
Assumption of part of the cost of loans contracted by enterprises	51 964 763	48 430 336
Grants:		
Modernization Program for Textile, Hosiery and Apparel Industries	3 533 885	—
Innovation Program for Furniture and Footwear Industries	1 842 738	—
Payments for loan guarantees	8 235 513	1 826 725
Payments for the application of the law concerning Assistance for the Development of Tourism	588 069	487 855
Compensation for loans granted at rates lower than market rates	331 463	204 965
Administrative expenses:		
Salaries and other remuneration	5 780 175	4 919 528
Computer	293 250	32 675
Other administrative expenses	849 135	604 873
Interest on long-term debt	106 489	2 292 530
	73 525 480	**58 799 487**